

R 290847Z JAN 03
FM AMEMBASSY RANGOON
TO SECSTATE WASHDC 9180
INFO ASSOCIATION OF SOUTHEAST ASIAN NATIONS
AMEMBASSY BEIJING
AMEMBASSY DHAKA
AMEMBASSY NEW DELHI
AMEMBASSY SEOUL
AMEMBASSY TOKYO
AMCONSUL CALCUTTA
DEPT OF COMMERCE WASHDC
DEPT OF TREASURY WASHDC
USMISSION GENEVA
CDR USPACOM HONOLULU HI

C O N F I D E N T I A L SECTION 01 OF 02 RANGOON 000116

STATE FOR EAP/BCLTV, EB
BEIJING PASS CHENGDU
COMMERCE FOR ITA JEAN KELLY
TREASURY FOR OASIA JEFF NEIL
USPACOM FOR FPA

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TAGS: [PREL](#) [ECON](#) [BM](#)
SUBJECT: BURMA SEEKS CLOSER CHINA TIES

REF: BEIJING 1078

CLASSIFIED BY: DCM RON MCMULLEN FOR REASONS 1.5 (B,D)

11. (C) SUMMARY: BILATERAL TIES BETWEEN THE CHINESE AND BURMESE GOVERNMENTS SEEM TO BE STRENGTHENING AT ALL LEVELS AND ON MANY FRONTS. FROM THE BURMESE SIDE, THE RECENT EXCHANGE WITH THE PRC OF HIGH-LEVEL VISITS EMPHASIZES THE FACT THAT BURMA IS BANKING ON DEVELOPING AN ENDURING SPECIAL RELATIONSHIP WITH CHINA. FROM EMBASSY BEIJING'S REPORTING, IT APPEARS THAT THE PRC HAS A SIMILAR OBJECTIVE. END SUMMARY.

GRANTS, LOANS, AND BOATS

12. (C) FOLLOWING UP ON EMBASSY BEIJING'S READOUT OF THE HIGH-LEVEL EXCHANGE OF VISITS BETWEEN BURMA AND CHINA, WE SPOKE WITH MINISTRY OF FOREIGN AFFAIRS EAST ASIA AND PACIFIC DIVISION DIRECTOR DAW YIN YIN MYINT. HER ACCOUNT OF THE VISITS CORROBORATED BEIJING'S REPORT REGARDING THE EMPHASIS ON TECHNICAL COOPERATION, ECONOMIC DEVELOPMENT AID, AND DEBT RELIEF. ACCORDING TO DAW YIN YIN MYINT, THE TOTAL DEBT FORGIVEN BY THE PRC DURING THE RECENT VISITS WAS ABOUT 640 MILLION RMB (ROUGHLY \$80 MLN). THIS IS SLIGHTLY HIGHER THAN THE CALCULATION OF \$65 MILLION WE MADE BASED ON COPIES WE OBTAINED OF THE DEBT RELIEF AGREEMENT.

13. (C) DAW YIN YIN MYINT ALSO DISCUSSED WITH US THE QUESTION OF CHINESE DEVELOPMENT AND USE OF THE IRRAWADDY RIVER AS AN OUTLET TO THE SEA FOR CHINESE MERCHANT VESSELS. ACCORDING TO DAW YIN YIN MYINT, THIS PROJECT WAS FIRST DISCUSSED DURING CHINESE PRESIDENT JIANG ZEMIN'S VISIT TO RANGOON IN DECEMBER 12001. HOWEVER, SINCE THEN THERE HAS BEEN NO PROGRESS MADE BECAUSE OF FUNDAMENTAL DISAGREEMENTS OVER WHETHER THE RIVER WOULD BE CONSIDERED AN INTERNATIONAL WATERWAY (ALLOWING CHINESE SHIPS TO FLY THE CHINESE FLAG), OR SIMPLY A CARGO TRANSIT ROUTE (REQUIRING THE USE OF BURMESE VESSELS). A CHINESE DIPLOMAT STATIONED HERE ADDED THAT THE MATTER HAD BEEN STUCK OVER WHO WOULD PAY FOR THE NECESSARY DREDGING AND IMPROVEMENTS NECESSARY TO MAKE THE RIVER FULLY NAVIGABLE FROM BHAMO IN SOUTHERN KACHIN STATE ALL THE WAY DOWN TO THE DELTA REGION.

CHINA SEEKS ITS SOUTHWEST PASSAGE

14. (C) ACCORDING TO DAW YIN YIN MYINT AND OTHER GOB OFFICIALS, SENIOR GENERAL THAN SHWE AND THE SPDC ARE PARTICULARLY FOCUSED ON DEVELOPING TIES WITH CHINA'S YUNNAN, AND TO A LESSER DEGREE SICHUAN, PROVINCES. SINCE DECEMBER, MOFA HAS HOSTED THREE DELEGATIONS FROM YUNNAN PROVINCE TO DISCUSS CLOSER ECONOMIC AND INVESTMENT TIES, IMPROVED INFRASTRUCTURE IN THE BORDER AREA, AND ALSO "BORDER

MANAGEMENT" CONCERNS (SUCH AS IMMIGRATION AND CUSTOMS AND COUNTERNARCOTICS).

15. (C) IT IS CLEAR THAT BURMA VIEWS CHINA AS ITS MOST IMPORTANT ALLY IN THE REGION RIGHT NOW. ALTHOUGH THE SPDC IS CURRENTLY COURTING GOOD TIES WITH INDIA, DAW YIN YIN MYINT SAID THAT THE BURMESE REGIME IS CULTIVATING A "SPECIAL" RELATIONSHIP WITH THE PRC IN HOPES THAT THESE TIES WILL STRENGTHEN AND CONTINUE TO BEAR FRUIT FOR FUTURE GENERATIONS.

ON THE OTHER SIDE, THE BURMESE GOVERNMENT BELIEVES THAT THE PRC IS VERY INTERESTED IN CLOSER TIES WITH BURMA AS AN ECONOMIC OUTLET TO THE SEA AND INTO THE REST OF SOUTHEAST ASIA. THE BURMESE MOFA INSISTS, THOUGH, THAT FROM ITS POINT OF VIEW CHINA'S RECENT ATTENTIONS ARE NOT "AGGRESSIVE" IN NATURE, AND THAT THERE IS NO QUID PRO QUO EXPECTED IN EXCHANGE FOR THE NEW SOFT LOANS AND ECONOMIC AID.

COMMENT

16. (C) THE FREQUENT OF HIGH-LEVEL VISITS, THE AMOUNT OF CHINESE ASSISTANCE AND LENDING TO BURMA, AND THE INCREASING BILATERAL CONTACTS AT THE WORKING LEVEL INDICATE A MATURING OF THE BURMA-CHINA RELATIONSHIP. ALTHOUGH AMONG AVERAGE BURMANS THERE IS STILL STRONG SUSPICION, AND SOME RESENTMENT, OF CHINESE INVESTMENT AND INFLUENCE IN THE COUNTRY, THE TWO GOVERNMENTS SEEM FOR THE TIME BEING TO BE FORGETTING OLD RIVALRIES AND BUILDING VERY STRONG ECONOMIC, POLITICAL, AND MILITARY TIES. SIMILARLY, BURMESE TIES WITH INDIA, THAILAND, AND BANGLADESH ARE RAPIDLY EXPANDING IN A NETWORK OF REGIONAL SUPPORT THAT HAS HELPED DEFLATE WESTERN EFFORTS AT PRESSURE. ONE BURMESE OBSERVER HYPOTHEZIZED THAT THE SPDC WAS REDOUBLING ITS EFFORTS AT REGIONAL FENCE-MENDING IN PART TO BUILD A BUFFER AGAINST WESTERN PRESSURE AND SANCTIONS. PUT SIMPLY, BURMA IS NO LONGER ISOLATED AS IT ONCE WAS. ON THE CONTRARY, EVERY ONE OF ITS NEIGHBORS APPEARS TO BE WORKING HARD TO REBUILD TRADE, INVESTMENT, AND INFRASTRUCTURE TIES WITH BURMA. THIS IS AN IMPORTANT POINT TO REMEMBER AS WESTERN STATES CONSIDER WAYS OF DIRECTING THE GOB TOWARDS CHANGE. END COMMENT.

MARTINEZ